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12 October 1950

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MEMORANDUM TO THE FILES

SUBJECT: Exclusion of Overseas Allowances from Gross Income.

1. Supplementary to the attached memorandum I discussed this problem with Mr. Parrigan, of the Bureau of Internal Revenue, who informed me that if these allowances came under Section 204 of the Independent Offices Appropriation Act of 1949 and Executive Order No. 10011 they were proper exclusions from gross income. These allowances are spelled out more specifically in the Standardized Government Civilian Allowance Regulations:

a. Cost-of-living allowances which are comprised of the following:

- (1) Post Allowances
- (2) Special Post Allowances
- (3) Transfer Allowances
- (4) Separation Allowances

b. Living-quarters allowances (which include temporary lodging allowances)

c. Representation allowances.

2. The above allowances should be clearly distinguished from the Foreign Post Differential which is an added increment of income as a recruitment incentive and is taxable.

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Attach:

Memo to the Files dtd 27 Sept. 1950

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